

Message Text

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ORIGIN STR-07

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 EB-08 AGRE-00
TRSE-00 LAB-04 COME-00 SIG-03 CEA-01 CIAE-00
DODE-00 FRB-03 H-01 INR-10 INT-05 L-03 NSAE-00
NSC-05 PA-01 CTME-00 AID-05 SS-15 ITC-01 USIA-06
SP-02 SOE-02 OMB-01 DOE-15 /122 R

DRAFTED BY EB/GCP/MBAAS/STR/JTSTEWART/MFD
APPROVED BY STR/JTSTEWART
EA/EP/TGEBER (SUBS)
USDA/FGEERKEN
TREAS/EBARBER
LABOR/WRENISON
COMMERCE/SCRAVEN/NBRADSHAW
STR/SLANDE (SUBS)

-----007487 272221Z /64

P R 272110Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY BANGKOK PRIORITY
AMEMBASSY JAKARTA PRIORITY
AMEMBASSY KUALA LUMPUR PRIORITY
AMEMBASSY MANILA PRIORITY
AMEMBASSY SINGAPORE PRIORITY
INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, ASEAN, GATT

SUBJECT: ASEAN PREFERENTIAL TRADING ARRANGEMENT - GATT
CONSIDERATION

REF: (A) STATE 10470 (B) SINGAPORE 1370
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1. AS ADDRESSEES AWARE, GATT MEMBERS OF ASEAN NOTIFIED
GATT ON AUGUST 19, 1977, OF EXISTENCE OF ASEAN PREFERENTIAL
TRADING ARRANGEMENT (PTA). NOTIFICATION WAS NOT MADE UNDER
ANY ARTICLE OF THE GATT, BUT PTA PREAMBLE CITES PART IV, AS
WELL AS VARIOUS UN RESOLUTIONS INSTITUTING THE NEW INTER-
NATIONAL ECONOMIC ORDER, ETC.

2. WE BELIEVE THAT THE ASEAN AGREEMENT COULD CONTRIBUTE TO THE ECONOMIC DEVELOPMENT OF ITS GEOGRAPHICALLY COMPACT MEMBERSHIP (IN CONTRAST TO, FOR EXAMPLE, THE INDIA-EGYPT-YUGOSLAVIA TRIPARTITE AGREEMENT), AND FOR BOTH ECONOMIC AND POLITICAL REASONS WE DESIRE TO SEE IT IMPLEMENTED EFFECTIVELY AND RECEIVE FAVORABLE GATT CONSIDERATION WHILE PRESERVING GATT PRINCIPLES, PARTICULARLY MOST-FAVORED-NATION TREATMENT, AS THE NORM OF INTERNATIONAL TRADE.

3. WE THEREFORE BELIEVE THAT ASEAN SHOULD CONSIDER JUSTIFYING PTA IN FUTURE GATT WORKING PARTY UNDER THE PROVISIONS

OF ARTICLE XXIV, WHICH ALLOWS CUSTOMS UNIONS AND FREE TRADE AREAS AS WELL AS INTERIM ARRANGEMENTS LEADING TO EITHER CUSTOMS UNIONS OR FREE TRADE AREAS. WE BELIEVE THAT ASEAN CAN MAKE A GOOD ARGUMENT THAT THE PTA IS IN FACT THE FIRST STEP LEADING TOWARD A FREE TRADE AREA. TO MEET THE REQUIREMENTS OF ARTICLE XXIV:5 IT WOULD THEN ALSO BE NECESSARY TO SUBMIT A PLAN AND SCHEDULE FOR THE ELIMINATION OF DUTIES AND OTHER RESTRICTIVE REGULATIONS OF COMMERCE (EXCEPT, WHERE NECESSARY, THOSE PERMITTED UNDER ARTICLES XI, XII, XIII, XIV, XV AND XX) ON SUBSTANTIALLY ALL TRADE AMONG ASEAN MEMBERS WITHIN A REASONABLE TIME. IF ASEAN CAN COMPLY WITH THESE REQUIREMENTS, WE BELIEVE THERE WOULD BE NO PROBLEM IN OBTAINING A WORKING PARTY DECISION THAT LIMITED OFFICIAL USE

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THE PTA IS AN INTERIM AGREEMENT LEADING TO THE FORMATION OF A FREE TRADE AREA. (WE WOULD OBJECT, HOWEVER, TO ASEAN'S PLANS TO LIBERALIZE NON-TARIFF MEASURES ON A PREFERENTIAL BASIS DUE TO OUR CONSISTENTLY HELD POSITION THAT SUCH SELECTIVE LIBERALIZATION IS CONTRARY TO ARTICLES XIII AND XVII.)

4. ALTERNATIVE TO JUSTIFICATION UNDER ARTICLE XXIV WOULD BE ARTICLE XXV WAIVER OF OBLIGATIONS UNDER ARTICLE I OR, EVEN LESS DESIRABLY, A QUASI-WAIVER LIKE THOSE GRANTED FOR BANGKOK AND TRIPARTITE AGREEMENTS. SUCH EXCEPTIONS TO GATT RULES MAY WELL ENCOURAGE OTHER GATT CONTRACTING PARTIES TO NEGOTIATE PREFERENTIAL ARRANGEMENTS IN SITUATIONS WHICH MAKE LESS ECONOMIC SENSE THAN ASEAN. WHILE GIVING LITTLE POSITIVE BENEFIT TO THEIR MEMBERS, THESE AGREEMENTS ERODE THE MFN PRINCIPLE AND INCREASE THE COMPLICATIONS AND CONFUSION OF INTERNATIONAL TRADE.

5. ADDRESSEES ARE REQUESTED TO EXPLAIN OUR SUGGESTION TO APPROPRIATE HOST GOVERNMENT OFFICIALS AND REPORT REACTIONS. ASSISTANT SECRETARY WILL FOLLOW UP WITH ASEAN SENIOR TRADE OFFICIALS GROUP NEXT MONTH, AND WE WILL REVIEW QUESTION

WITH REPS OF ASEAN EMBASSIES HERE. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE AGREEMENTS, PREFERENTIAL TARIFFS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE078402
Document Source: CORE
Document Unique ID: 00
Drafter: GCP/MBAAS/STR/JTSTEWART/MFD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780133-0463
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780321/aaaaarxv.tel
Line Count: 117
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a5b212bd-c288-dd11-92da-001cc4696bcc
Office: ORIGIN STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 10470, 78 SINGAPORE 1370
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3193824
Secure: OPEN
Status: NATIVE
Subject: ASEAN PREFERENTIAL TRADING ARRANGEMENT - GATT CONSIDERATION
TAGS: ETRD, XC, ASEAN, GATT
To: BANGKOK JAKARTA MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a5b212bd-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014